compensation payments to 2.2 million veterans with service-connected disabilities, effective Au-

gust 1, 1972. For those who are 100-percent
disabled, a flat increase of $45 a month (from
$450 to $495) is provided. For those less than
totally disabled (10-90 percent) the increases
range from $3 to $25 a month. The additional
payments for the more seriously disabled veterans
(such as those with multiple amputations) have
also been increased, from $56 to $78 a month.
Proportionate increases are provided for depend-
ents of a veteran whose disability is rated at 50
percent or higher. The last increase in veterans' compensation payments was effective July 1,
1970.

Effective July 1, 1973, differences between war-
time and peacetime compensation rates will be
eliminated. For almost 40 years the rates have
been different, and since 1948 peacetime veterans
have been receiving 80 percent of the amount
that wartime veterans receive.

The law authorizes, for the first time, a
clothing allowance of $150 per year for service-
connected disability of veterans who must wear or
use a prosthetic or orthopedic appliance, including
the use of a wheelchair. These devices cause
unusual wear and tear on wearing apparel.

Another change in the law abolishes the with-
holding of compensation of unmarried veterans
while they are in a hospital or domiciliary. Pre-
vious law provided that a veteran's compensation
or retirement pay would be reduced after
the first 6 months of treatment or care to the
greater of $30 a month or 50 percent of the bene-
fit, with the amount of the reduction to be paid
in a lump sum upon release of the veteran from
the institution.

The law extends to the widows of Spanish-
American War veterans the same option available
to widows of veterans of other wars to elect to
receive their pension under the "new" pension
system adopted in 1959 or to remain under the
"old" system. Under that legislation, most vet-

erans and survivors of veterans on the rolls before
July 1, 1960, could continue to receive the flat-
rate monthly pensions under the old system or
they could receive pensions under a new system,
which relates the amount of pensions inversely
to income. Spanish-American War widows can,
thus, choose the pension system that will be to
their advantage.

Social Security Abroad

Philippine Medical Care Act*

After many years of public pressure for a
national health insurance plan to complement the
already existing sick pay provisions for em-
ployees, the Philippine Government enacted the
Philippine Medical Care Act of 1969 (Republic
Act No. 6111). The legislation provides for a
comprehensive and coordinated (Government
and private) medical care program to be intro-
duced gradually, preserving the insured's freedom
of choice of physician and hospital. Identical care
is foreseen under both parts of the program.
Program I covers private and public wage earners
and salaried employees who are presently insured
under the social security system (SSS) and the
government service insurance system (GSIS).
Program II will eventually cover everyone else.
Thus the 1969 legislation aims at providing uni-
versal medical care coverage.

Implementation for both programs had to wait
until the appointment of a Medical Care Com-
mission by the President, which was done in
August 1971. Program I was put into effect on
January 1, 1972, and Program II is expected to
become fully operational by 1974. The collection
of contributions from employed persons and their
employers started on January 1, 1972, and the
first payments to the providers began April 1.

COVERAGE AND QUALIFYING CONDITIONS

At the present time, all persons who were
compulsorily covered by the Philippine social
security system and the government service in-
insurance system are automatically insured under
the Medical Care Act.1 Covered are wage earners
in the private and public sector with the exception
of (1) agricultural workers and share or lease-
hold tenants who are not paid a regular daily
wage or base pay and who work less than 6

1 For the preexisting cash sickness benefits, see Social
Security Programs Throughout the World, 1971 (Re-
search Report No. 31), Office of Research and Statistics,
pages 178-179.
months a year, (2) domestic servants, (3) casual employees, (4) family workers, and (5) certain employed students and student nurses. At present the medical care system covers 23.5 percent of the economically active population.

Three monthly contributions within the 12 months before the first day of confinement are required. Twelve monthly contributions are needed for deferrable operations such as herniotomy, hemorrhoidectomy, and adenoidectomy.

BENEFITS

The Medical Care Act directly compensates the providers of hospital, surgical, and medical services according to a fixed schedule. Hospitals receive payments of up to 12 pesos² per day for not more than 45 days in each calendar year and are paid up to 150 pesos for such services as laboratory examinations, X-rays, and drugs. Reimbursable surgical charges are up to 50 pesos for minor operations, up to 150 pesos for operations of medium complexity, and up to 350 pesos for major surgery. Reimbursable physician charges during hospitalization cannot exceed 5 pesos for visits by practitioners or 10 pesos for visits by specialists, and they may not total more than 100 pesos for any single period of confinement. The insured has free choice of both doctor and hospital and can have his prescriptions filled either by the hospital or by a retail drug store.

The Medical Care Act excludes charges for cosmetic surgery or treatment, routine dental services or surgery, psychiatric care, diagnostic testing, and normal obstetrical services.

FINANCING

The system is financed by equal employer and employee contributions of 1.25 percent of covered wages. For this purpose six wage classes—the first one 0–49.99 pesos per month and the last one from 250 pesos to the ceiling of 300 pesos per month—have been established on the basis of wages existing in 1966 when the average monthly wage and salary was 219 pesos. Five percent of the insured at that time had incomes below 50 pesos a month; an additional 13 percent had incomes below 100 pesos. Although prices have risen by at least 50 percent between 1966 and 1971, wages have not risen correspondingly and the legal minimum wage of 8 pesos per day has not changed. At present, the average wage is estimated at 225 pesos.

The 300 pesos ceiling on contributions under the Medical Care Act is lower than the ceiling of 500 pesos per month for SSS contributions. The smaller amount seems to have been set with the low income of the nonemployed in mind. The amount of the ceiling will be subject to review as soon as Program II becomes operative. The contributions are remitted by the employer to SSS and GSIS and are kept by these organizations in separate health insurance funds.

ADMINISTRATION

The SSS and GSIS are charged with the day-by-day administration of the program. Policy is set by the 9-man Medical Care Commission, which consists of four members appointed by the President—a Chairman, the Administrator of the Commission, two representatives of the public—and the Administrator of SSS, the General Manager of GSIS, and one representative each from the Philippine Medical Association, the Philippine Hospital Association, and the Ministry of Health. Since by law at least five and preferably six of the members of the Commission must be doctors or representatives of the hospital administrators, the cooperation of these two groups is assured. One of the first acts of the Medical Care Commission was to divide the most commonly performed surgical operations into three groups—minor operations, operations of medium complexity, and major surgery—for compensation under the program.

FUTURE DEVELOPMENTS

The 1969 law provides for a supplementary plan for the medical care of the dependents of those insured under the SSS and GSIS and for

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² One peso equals 15.5 U.S. cents.
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<tr>
<th>Year</th>
<th>OASDHI 1</th>
<th>Railroad 1</th>
<th>Federal civil service</th>
<th>Veterans OASDHI</th>
<th>Railroad</th>
<th>Federal civil service</th>
<th>Veterans Railroad temporary disability 4</th>
<th>Unemployment State laws 4</th>
<th>Railroad 4</th>
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1 Includes dependents
2 Beginning Oct 1966, includes special benefits authorized by 1966 legislation for persons aged 72 and over and not insured under the regular or transitional provisions of the Social Security Act.
3 Monthly number at end of quarter.
4 Average number during 14-day registration period.
5 Average weekly number For programs included see table M-1, footnote 10

PHILIPPINE MEDICAL CARE ACT

(Continued from page 22)

the inclusion of all medical care services. Until then—presumably 1974—existing government facilities carry the responsibility for the health coverage. To assure the necessary hospital facilities, private hospitals and clinics will set aside at least 20 percent of their total bed capacity in return for a subsidy of 10 pesos per bed. To encourage the construction of new hospitals, particularly in rural areas, government financial institutions, including SSS and GSIS, are to give preference to long-term hospital loans and offer favorable interest rates. Existing government hospitals are to establish revolving funds for the upgrading and expansion of their facilities.

Philippine residents will be registered and receive medical care cards upon payment of locally determined assessments to local government units. These assessments will be matched by a national government contribution and will be accumulated in community mutual health funds. Within their respective jurisdictions, provincial, city, municipal, and community medical care councils will control these funds, pay doctor and hospital bills, supervise the program, insure homogeneous distribution and maximum utilization of medical facilities, and adjudicate claims.

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